

Incorporated under the laws of the Province of Ontario

For the Fiscal Year Ended December 31

President

Vice-President

Secretary-Treasurer

[illegible]

Toronto, Ontario

Suite 505, 80 Richmond St. W. - - - - - Toronto, Ontario

NEW JASON MINES LIMITED

Report of the Directors

To the Shareholders,
NEW JASON MINES LIMITED.

Your Directors herewith submit the Annual Report of your Company, together with Financial Statements, Balance Sheet and Auditors' Report for the year ended December 31st, 1965.

Your Company's main efforts were in the Matachewan area. Work consisted of diamond drilling and surface mapping of the lead, zinc property held under option. The option was exercised and a 4,000,000 share company — Jarrow Mines Limited — was formed to comply with the terms of the option agreement. Your Company owns over 55% of the issued shares and can increase its holdings to 75% of the authorized capital.

E. K. Fockler, Consulting Geologist, in the conclusion of his latest report states:—

“General considerations for amplification of the recent programme of exploration on the claim group constituting the property of Jarrow Mines Limited are construed as follows:—

- (a) The favourable geological setting of the holdings and the hospitable environment for base metal deposition.
- (b) The fact that significant production of lead and zinc has been obtained from the discovery deposit, in the initially developed tonnage above the 300 foot mine horizon.
- (c) The continuing increasing demand for base metals appears to ensure maintenance of firm metal prices for the foreseeable future.
- (d) The property is in a readily accessible area served by fully developed facilities in the established community of Matachewan.”

Your Company expects to carry out Mr. Fockler's recommendations. The original former gold producing claims in the Casummit Lake area were maintained in good standing.

Respectfully submitted,

On behalf of the Board of Directors,

J. DOUGLAS STREIT,
President.

Dated at Toronto, Ontario, June 10th, 1966.

NEW JASON MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

Balance Sheet as at 31 December, 1965

ASSETS

CURRENT:

Cash in banks	\$	22,420.61	
Due from broker		26.40	
Prepaid expenses		275.00	\$ 22,722.01

INVESTMENTS:

Jarrow Mines Limited (See Note)			
Shares (777,556) at cost	\$	62,755.66	
Advances		3,694.71	
		66,450.37	
Listed shares, at cost (Market value \$46,447.00)		60,328.87	
Other securities, at nominal values		5.00	126,784.24

OTHER:

Mining property at cost			227,492.38
			<u>\$ 376,998.63</u>

LIABILITIES

CURRENT:

Accounts payable	\$	4,270.33
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CAPITAL:

Authorized — 6,000,000 shares of \$1.00 par value			
ISSUED AND FULLY PAID — 4,549,668 shares	\$	4,549,668.00	
Less: Discount thereon		2,381,853.65	
		2,167,814.35	
DEFICIT — per statement attached		1,795,086.05	372,728.30
			<u>\$ 376,998.63</u>

NOTE:

Pursuant to the terms of a property acquisition agreement the company is primarily responsible for effecting the underwriting of treasury shares of Jarrow Mines Limited to a minimum amount of \$20,000.00.

Approved on behalf of the Board of Directors,

J. DOUGLAS STREIT, Director.

W. J. CRAIG, Director.

AUDITORS' REPORT

TO: The Shareholders of
New Jason Mines Limited.

We have examined the attached Balance Sheet of New Jason Mines Limited drawn up as at 31 December 1965 and the related Statements of Expenditures and Deficit for the year ended on that date. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the attached Balance Sheet and related Statements of Expenditures and Deficit present fairly the financial position of the company at 31 December 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
25 March, 1966.

HALLADAY, ROBINSON & COMPANY,
Chartered Accountants.

NEW JASON MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

Statement of Expenditures

For the Year Ended 31 December 1965

RE: JARROW MINES LIMITED

Balance at 1 January 1965		\$	10,499.44
Add:			
Property option payments	\$	4,700.00	
Lines and surveys		3,124.16	
Diamond drilling		33,759.32	
Engineering		4,156.08	
Management fee		4,600.00	
Travel expense		1,369.01	
Assays		722.50	
Sundry expenses		463.37	
Organization expense		2,947.88	
Share certificates		108.61	55,950.93
			66,450.37
Converted to shares of Jarrow Mines Limited			62,755.66
Transferred to advances to Jarrow Mines Limited			3,694.71
ADMINISTRATIVE:			
Secretarial and office	\$	3,300.00	
Shareholders information		3,098.60	
Stock transfer agent		2,375.67	
Directors fees		350.00	
Telephone		722.87	
Sundry expenses		508.24	
		10,355.38	
Less: Interest earned		2,082.62	\$ 8,272.76
OTHER:			
Property tax paid			313.49
Transferred to deficit		\$	8,586.25

Statement of Deficit

For the Year Ended 31 December 1965

Balance at 1 January 1965	\$ 1,783,286.10
Add: Loss on disposal of investment	2,313.70
Advance written off	900.00
Expenditures for the year — per statement	8,586.25
Balance at 31 December 1965	\$ 1,795,086.05